

103D CONGRESS  
2D SESSION

## **S. 2060**

### **AN ACT**

To amend the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

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## AN ACT

To amend the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Small Business Administration Reauthorization and  
6       Amendment Act of 1994”.

1       (b) TABLE OF CONTENTS.—The table of contents for  
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—AUTHORIZATIONS

Sec. 101. Authorizations.

TITLE II—FINANCIAL ASSISTANCE PROGRAMS

Sec. 201. Microloan financing pilot.

Sec. 202. Eligibility of Native American tribal governments to be microloan intermediaries.

Sec. 203. Microloan program extension.

Sec. 204. Microloan program funding and State limitations.

Sec. 205. Distribution of intermediaries.

Sec. 206. Microloan intermediary loan limitation.

Sec. 207. Microloan technical assistance to nonborrowers.

Sec. 208. Microloan demonstration program grants.

Sec. 209. Eligibility to participate as a microloan intermediary and a technical assistance provider.

Sec. 210. Loans to exporters.

Sec. 211. Working capital international trade loans.

Sec. 212. Guarantees on international trade loans.

Sec. 213. Accredited lenders program.

Sec. 214. Interest rate on certified development company loans.

Sec. 215. Certifications of eligibility for SBIC and SSBIC financing.

Sec. 216. Participating securities for smaller SBICs.

TITLE III—SIZE STANDARDS AND BOND GUARANTEES

Sec. 301. Size standard criteria.

Sec. 302. Sunset on preferred surety bond guarantee program.

Sec. 303. Manufacturing contracts through manufacturing application and education centers.

TITLE IV—BUSINESS DEVELOPMENT ASSISTANCE

Subtitle A—General Provisions

Sec. 401. Sunset on cosponsored training.

Sec. 402. Small business development center program level.

Sec. 403. Federal contracts with small business development centers.

Sec. 404. Small business development center program examination and certification.

Sec. 405. Service Corps of Retired Executives (SCORE) program.

Sec. 406. Information concerning franchising.

Subtitle B—Development of Woman-Owned Businesses

Sec. 411. Extension of authority for demonstration projects.

Sec. 412. Establishment of Office of Women's Business Ownership.

Sec. 413. National Commission on Women in Business.

TITLE V—RELIEF FROM DEBENTURE PREPAYMENT PENALTIES

- Sec. 501. Short title.
- Sec. 502. Prepayment of development company debentures.

#### TITLE VI—MISCELLANEOUS AMENDMENTS

- Sec. 601. Consolidation of funding accounts.
- Sec. 602. Imposition of fees.
- Sec. 603. Job creation and community benefit.
- Sec. 604. Microloan program amendments.
- Sec. 605. Technical clarification.
- Sec. 606. Secondary market study due date.
- Sec. 607. Study and data base: Guaranteed Business Loan Program and Development Company Program.
- Sec. 608. SBIR vendors.
- Sec. 609. Program extension.
- Sec. 610. Prohibition on the use of funds for individuals not lawfully within the United States.
- Sec. 611. Office of advocacy employees.
- Sec. 612. Prohibition on the provision of assistance.
- Sec. 613. Certification of compliance with child support obligations.

## 1       **TITLE I—AUTHORIZATIONS**

### 2       **SEC. 101. AUTHORIZATIONS.**

3       Section 20 of the Small Business Act (15 U.S.C. 631  
 4       note) is amended by striking subsections (k) (as added by  
 5       section 405(3) of the Small Business Credit and Business  
 6       Opportunity Enhancement Act of 1992) through (p) and  
 7       inserting the following:

8       “(l) The following program levels are authorized for  
 9       fiscal year 1995:

10       “(1) For the programs authorized by this Act,  
 11       the Administration is authorized to make  
 12       \$110,000,000 in direct and immediate participation  
 13       loans, and \$45,000,000 in technical assistance  
 14       grants as provided in section 7(m).

15       “(2) For the programs authorized by this Act,  
 16       the Administration is authorized to make

1       \$13,315,000,000 in deferred participation loans and  
2       other financings. Of such sum, the Administration is  
3       authorized to make—

4               “(A) \$9,000,000,000 in general business  
5       loans as provided in section 7(a);

6               “(B) \$2,300,000,000 in financings as pro-  
7       vided in section 7(a)(13) and section 504 of the  
8       Small Business Investment Act of 1958;

9               “(C) \$2,000,000,000 in loans as provided  
10      in section 7(a)(21); and

11              “(D) \$15,000,000 in loans as provided in  
12      section 7(m).

13              “(3) For the programs authorized by title III of  
14      the Small Business Investment Act of 1958, the Ad-  
15      ministration is authorized to make—

16              “(A) \$33,000,000 in purchases of pre-  
17      ferred securities;

18              “(B) \$275,000,000 in guarantees of de-  
19      bentures, of which \$65,000,000 is authorized in  
20      guarantees of debentures from companies oper-  
21      ating pursuant to section 301(d) of such Act;  
22      and

23              “(C) \$500,000,000 in guarantees of par-  
24      ticipating securities.

1           “(4) For the programs authorized by part B of  
2           title IV of the Small Business Investment Act of  
3           1958, the Administration is authorized to enter into  
4           guarantees not to exceed \$1,800,000,000, of which  
5           not more than \$450,000,000 may be in bonds ap-  
6           proved pursuant to the provisions of section  
7           411(a)(3) of such Act.

8           “(5) The Administration is authorized to make  
9           grants or enter into cooperative agreements—

10                 “(A) for the Service Corps of Retired Ex-  
11                 ecutives program authorized by section 8(b)(1),  
12                 \$3,500,000;

13                 “(B) for the Small Business Institute pro-  
14                 gram authorized by section 8(b)(1),  
15                 \$3,000,000; and

16                 “(C) for activities of small business devel-  
17                 opment centers pursuant to section 21(c)(3)(G),  
18                 \$25,000,000, to remain available until ex-  
19                 pended.

20           “(m) There are authorized to be appropriated to the  
21           Administration for fiscal year 1995 such sums as may be  
22           necessary to carry out the provisions of this Act, including  
23           administrative expenses and necessary loan capital for dis-  
24           aster loans pursuant to section 7(b), and to carry out the

1 provisions of the Small Business Investment Act of 1958,  
2 including salaries and expenses of the Administration.

3 “(n) The following program levels are authorized for  
4 fiscal year 1996:

5 “(1) For the programs authorized by this Act,  
6 the Administration is authorized to make  
7 \$175,000,000 in direct and immediate participation  
8 loans, and \$65,000,000 in technical assistance  
9 grants as provided in section 7(m).

10 “(2) For the programs authorized by this Act,  
11 the Administration is authorized to make  
12 \$15,320,000,000 in deferred participation loans and  
13 other financings. Of such sum, the Administration is  
14 authorized to make—

15 “(A) \$10,000,000,000 in general business  
16 loans as provided in section 7(a);

17 “(B) \$2,800,000,000 in financings as pro-  
18 vided in section 7(a)(13) and section 504 of the  
19 Small Business Investment Act of 1958;

20 “(C) \$2,500,000,000 in loans as provided  
21 in section 7(a)(21); and

22 “(D) \$20,000,000 in loans as provided in  
23 section 7(m).

1           “(3) For the programs authorized by title III of  
2           the Small Business Investment Act of 1958, the Ad-  
3           ministration is authorized to make—

4                   “(A) \$39,000,000 in purchases of pre-  
5                   ferred securities;

6                   “(B) \$300,000,000 in guarantees of de-  
7                   bentures, of which \$70,000,000 is authorized in  
8                   guarantees of debentures from companies oper-  
9                   ating pursuant to section 301(d) of such Act;  
10                  and

11                  “(C) \$750,000,000 in guarantees of par-  
12                  ticipating securities.

13           “(4) For the programs authorized by part B of  
14           title IV of the Small Business Investment Act of  
15           1958, the Administration is authorized to enter into  
16           guarantees not to exceed \$2,000,000,000, of which  
17           not more than \$500,000,000 may be in bonds ap-  
18           proved pursuant to the provisions of section  
19           411(a)(3) of such Act.

20           “(5) The Administration is authorized to make  
21           grants or enter cooperative agreements—

22                   “(A) for the Service Corps of Retired Ex-  
23                   ecutives program authorized by section 8(b)(1),  
24                   \$3,750,000;



1           “(B) for the small business institute pro-  
2           gram authorized by section 8(b)(1),  
3           \$3,250,000; and

4           “(C) for activities of small business devel-  
5           opment centers pursuant to section 21(c)(3)(G),  
6           not to exceed \$25,000,000, to remain available  
7           until expended.

8           “(o) There are authorized to be appropriated to the  
9           Administration for fiscal year 1996 such sums as may be  
10          necessary to carry out the provisions of this Act, including  
11          administrative expenses and necessary loan capital for dis-  
12          aster loans pursuant to section 7(b), and to carry out the  
13          provisions of the Small Business Investment Act of 1958,  
14          including salaries and expenses of the Administration.

15          “(p) The following program levels are authorized for  
16          fiscal year 1997:

17               “(1) For the programs authorized by this Act,  
18               the Administration is authorized to make  
19               \$250,000,000 in direct and immediate participation  
20               loans and \$98,000,000 in technical assistance grants  
21               as provided in section 7(m), to remain available until  
22               expended.

23               “(2) For the programs authorized by this Act,  
24               the Administration is authorized to make  
25               \$19,020,000,000 in deferred participation loans and

1 other financings. Of such sum, the Administration is  
2 authorized to make—

3 “(A) \$12,000,000,000 in general business  
4 loans as provided in section 7(a);

5 “(B) \$3,500,000,000 in financings as pro-  
6 vided in section 7(a)(13) and section 504 of the  
7 Small Business Investment Act of 1958;

8 “(C) \$3,500,000,000 in loans as provided  
9 in section 7(a)(21); and

10 “(D) \$20,000,000 in loans as provided in  
11 section 7(m).

12 “(3) For the programs authorized by title III of  
13 the Small Business Investment Act of 1958, the Ad-  
14 ministration is authorized to make—

15 “(A) \$45,000,000 in purchases of pre-  
16 ferred securities;

17 “(B) \$375,000,000 in guarantees of de-  
18 bentures, of which \$75,000,000 is authorized in  
19 guarantees of debentures from companies oper-  
20 ating pursuant to section 301(d) of such Act;  
21 and

22 “(C) \$1,125,000,000 in guarantees of par-  
23 ticipating securities.

24 “(4) For the programs authorized by part B of  
25 title IV of the Small Business Investment Act of

1       1958, the Administration is authorized to enter into  
2       guarantees not to exceed \$2,200,000,000, of which  
3       not more than \$650,000,000 may be in bonds ap-  
4       proved pursuant to the provisions of section  
5       411(a)(3) of such Act.

6               “(5) The Administration is authorized to make  
7       grants or enter cooperative agreements—

8               “(A) for the Service Corps of Retired Ex-  
9       ecutives program authorized by section 8(b)(1),  
10       \$4,000,000;

11              “(B) for the small business institute pro-  
12       gram authorized by section 8(b)(1),  
13       \$3,500,000; and

14              “(C) for activities of small business devel-  
15       opment centers pursuant to section 21(c)(3)(G),  
16       not to exceed \$25,000,000, to remain available  
17       until expended.

18       “(q) There are authorized to be appropriated to the  
19       Administration for fiscal year 1997 such sums as may be  
20       necessary to carry out the provisions of this Act, including  
21       administrative expenses and necessary loan capital for dis-  
22       aster loans pursuant to section 7(b), and to carry out the  
23       provisions of the Small Business Investment Act of 1958,  
24       including salaries and expenses of the Administration.”.

## **TITLE II—FINANCIAL ASSISTANCE PROGRAMS**

### **SEC. 201. MICROLOAN FINANCING PILOT.**

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by adding at the end the following new paragraph:

“(12) DEFERRED PARTICIPATION LOAN PILOT.—In lieu of making direct loans to intermediaries as authorized in paragraph (1)(B), during fiscal years 1995 through 1997, the Administration may, on a pilot program basis, participate on a deferred basis of not less than 90 percent and not more than 100 percent on loans made to intermediaries by a for-profit or nonprofit entity or by alliances of such entities, subject to the following conditions:

“(A) NUMBER OF LOANS.—In carrying out this paragraph, the Administration shall not participate in providing financing on a deferred basis to more than 10 intermediaries in urban areas or more than 10 intermediaries in rural areas.

“(B) TERM OF LOANS.—The term of each loan shall be 10 years. During the first year of the loan, the intermediary shall not be required

1 to repay any interest or principal. During the  
2 second through fifth years of the loan, the  
3 intermediary shall be required to pay interest  
4 only. During the sixth through tenth years of  
5 the loan, the intermediary shall be required to  
6 make interest payments and fully amortize the  
7 principal.

8 “(C) INTEREST RATE.—The interest rate  
9 on each loan shall be the rate specified by para-  
10 graph (3)(F) for direct loans. Subject to the  
11 availability of appropriations, the Administra-  
12 tion may make payments to lenders on behalf  
13 of intermediaries in order to achieve such inter-  
14 est rate.”.

15 **SEC. 202. ELIGIBILITY OF NATIVE AMERICAN TRIBAL GOV-**  
16 **ERNMENTS TO BE MICROLOAN**  
17 **INTERMEDIARIES.**

18 Section 7(m)(11)(A) of the Small Business Act (15  
19 U.S.C. 636(m)(11)(A)) is amended—

20 (1) in clause (iii), by striking “or” at the end;

21 (2) in clause (iv), by striking the comma at the  
22 end and inserting “; or”; and

23 (3) by adding at the end the following new  
24 clause:

1 “(v) an agency of or nonprofit entity  
 2 established by a Native American Tribal  
 3 Government,”.

4 **SEC. 203. MICROLOAN PROGRAM EXTENSION.**

5 Section 609(j) of Public Law 102–140 (105 Stat.  
 6 831) is amended by striking “5 years after the date of  
 7 enactment of this Act”, and inserting “on October 1,  
 8 1998”.

9 **SEC. 204. MICROLOAN PROGRAM FUNDING AND STATE LIM-**  
 10 **ITATIONS.**

11 Section 7(m) of the Small Business Act (15 U.S.C.  
 12 636(m)) is amended—

13 (1) in paragraph (5)(A)—

14 (A) by striking “25 grants” and inserting  
 15 “50 grants”; and

16 (B) by striking “\$125,000” and inserting  
 17 “\$150,000”; and

18 (2) by striking paragraph (7) and inserting the  
 19 following:

20 “(7) PROGRAM FUNDING FOR MICROLOANS.—

21 “(A) NUMBER OF PARTICIPANTS.—In car-  
 22 rying out paragraph (1)(B)(i), the Administra-  
 23 tion may fund, on a competitive basis, not more  
 24 than—

1 “(i) 150 microloan programs in fiscal  
2 year 1995; and

3 “(ii) 200 microloan programs in each  
4 succeeding fiscal year.

5 “(B) STATE LIMITATIONS.—A State shall  
6 not receive more than \$10,000,000 in loan  
7 funds during any year of program participa-  
8 tion.”.

9 **SEC. 205. DISTRIBUTION OF INTERMEDIARIES.**

10 Section 7(m)(8) of the Small Business Act (15  
11 U.S.C. 636(m)(8)) is amended to read as follows:

12 “(8) DISTRIBUTION OF INTERMEDIARIES.—In  
13 approving microloan program applicants under this  
14 subsection, the Administration shall select such  
15 intermediaries as will further microloan availability  
16 for small businesses in all industries located  
17 throughout each State, especially small businesses  
18 located in economically distressed urban and rural  
19 areas.”.

20 **SEC. 206. MICROLOAN INTERMEDIARY LOAN LIMITATION.**

21 Section 7(m)(3)(C) of the Small Business Act (15  
22 U.S.C. 636(m)(3)(C)) is amended by striking  
23 “\$1,250,000” and inserting “\$2,000,000”.

1 **SEC. 207. MICROLOAN TECHNICAL ASSISTANCE TO**  
2 **NONBORROWERS.**

3 Section 7(m)(4) of the Small Business Act (15  
4 U.S.C. 636(m)(4)) is amended by adding at the end the  
5 following new subparagraph:

6 “(E) ASSISTANCE TO CERTAIN SMALL  
7 BUSINESS CONCERNS.—Each intermediary may  
8 expend an amount not to exceed 20 percent of  
9 the grant funds authorized under paragraph  
10 (1)(B)(ii) to provide marketing, management,  
11 and technical assistance to small business con-  
12 cerns that are not borrowers under this sub-  
13 section.”.

14 **SEC. 208. MICROLOAN DEMONSTRATION PROGRAM**  
15 **GRANTS.**

16 Section 7(m)(4) of the Small Business Act (15  
17 U.S.C. 636(m)(4)) is amended—

18 (1) in subparagraph (B), by inserting “except  
19 for a grant made to an intermediary that provides  
20 not less than 50 percent of its loans to small busi-  
21 ness concerns owned by one or more members of a  
22 federally recognized Indian tribe,” after “under sub-  
23 paragraph (A),”; and

24 (2) in subparagraph (C), by striking clause (i)  
25 and inserting the following:



1           “(i) IN GENERAL.—In addition to  
 2           grants made under subparagraph (A), each  
 3           intermediary shall be eligible to receive a  
 4           grant equal to 5 percent of the total out-  
 5           standing balance of loans made to the  
 6           intermediary under this subsection if—

7                   “(I) the intermediary provides  
 8                   not less than 25 percent of its loans  
 9                   to small business concerns owned by  
 10                  one or more members of a federally  
 11                  recognized Indian tribe; or

12                  “(II) the intermediary has a  
 13                  portfolio of loans made under this  
 14                  subsection that averages not more  
 15                  than \$7,500 during the period of the  
 16                  intermediary’s participation in the  
 17                  program.”.

18 **SEC. 209. ELIGIBILITY TO PARTICIPATE AS A MICROLOAN**  
 19 **INTERMEDIARY AND A TECHNICAL ASSIST-**  
 20 **ANCE PROVIDER.**

21       Section 7(m)(2) of the Small Business Act (15  
 22 U.S.C. 636(m)(2)) is amended—

23           (1) by striking “(2) ELIGIBILITY FOR PARTICI-  
 24           PATION.—An” and inserting the following:

25           “(2) ELIGIBILITY FOR PARTICIPATION.—

1 “(A) IN GENERAL.—An”;

2 (2) by redesignating subparagraphs (A) and  
3 (B) as clauses (i) and (ii), respectively, and indent-  
4 ing accordingly; and

5 (3) by adding at the end the following new sub-  
6 paragraph:

7 “(B) PARTICIPATION AS INTERMEDIARY  
8 AND TECHNICAL ASSISTANCE PROVIDER.—A  
9 single entity may simultaneously receive 1 grant  
10 as an intermediary pursuant to paragraph  
11 (1)(B)(ii) and 1 grant as a nonintermediary  
12 technical assistance provider pursuant to para-  
13 graph (1)(B)(iii) if the Administration deter-  
14 mines that—

15 “(i) the purposes of the grants are not  
16 duplicative;

17 “(ii) the grants will enable the entity  
18 to provide technical assistance to different  
19 geographic areas, or to support both guar-  
20 anteed and direct loans in the same geo-  
21 graphic area; and

22 “(iii) the entity meets all of the re-  
23 quirements of the programs authorized  
24 pursuant to clauses (ii) and (iii) of para-  
25 graph (1)(B).”.

1 **SEC. 210. LOANS TO EXPORTERS.**

2 Section 7(a)(14)(A) of the Small Business Act (15  
3 U.S.C. 636(a)(14)(A)) is amended to read as follows:

4 “(14)(A) The Administration may provide ex-  
5 tensions of credit, standby letters of credit, revolving  
6 lines of credit for export purposes, and other financ-  
7 ing to enable small business concerns, including  
8 small business export trading companies and small  
9 business export management companies, to develop  
10 foreign markets. A bank or participating lending in-  
11 stitution may establish the rate of interest on such  
12 financings as may be legal and reasonable.”.

13 **SEC. 211. WORKING CAPITAL INTERNATIONAL TRADE**  
14 **LOANS.**

15 Section 7(a)(3)(B) of the Small Business Act (15  
16 U.S.C. 636(a)(3)(B)) is amended to read as follows:

17 “(B) if the total amount outstanding and  
18 committed (on a deferred basis) solely for the  
19 purposes provided in paragraph (16) to the bor-  
20 rower from the business loan and investment  
21 fund established by this Act would exceed  
22 \$1,250,000, of which not more than \$750,000  
23 may be used for working capital, supplies, or  
24 financings under section 7(a)(14) for export  
25 purposes; and”.

1 **SEC. 212. GUARANTEES ON INTERNATIONAL TRADE LOANS.**

2 Section 7(a)(2)(B)(iv) of the Small Business Act (15  
3 U.S.C. 636(a)(2)(B)(iv)) is amended to read as follows:

4 “(iv) not less than 85 percent nor  
5 more than 90 percent of the financing out-  
6 standing at the time of disbursement if  
7 such financing is a loan under paragraph  
8 (14) or (16).”.

9 **SEC. 213. ACCREDITED LENDERS PROGRAM.**

10 (a) ESTABLISHMENT.—Title V of the Small Business  
11 Investment Act of 1958 (15 U.S.C. 695 et seq.) is amend-  
12 ed by adding at the end the following new section:

13 **“SEC. 507. ACCREDITED LENDERS PROGRAM.**

14 “(a) ESTABLISHMENT.—The Administration is au-  
15 thorized to establish an Accredited Lenders Program for  
16 qualified State and local development companies that meet  
17 the requirements of subsection (b).

18 “(b) REQUIREMENTS.—The Administration may des-  
19 ignate a qualified State or local development company as  
20 an accredited lender if such company—

21 “(1) has been an active participant in the De-  
22 velopment Company Program authorized by sections  
23 502, 503, and 504 for not less than the preceding  
24 12 months;

25 “(2) has well-trained, qualified personnel who  
26 are knowledgeable in the Administration’s lending

1 policies and procedures for such Development Com-  
2 pany Program;

3 “(3) has the ability to process, close, and serv-  
4 ice financing for plant and equipment under such  
5 Development Company Program;

6 “(4) has a reasonable and acceptable loss rate  
7 on the company’s debentures;

8 “(5) has a history of submitting to the Admin-  
9 istration complete and accurate debenture guaranty  
10 application packages; and

11 “(6) has demonstrated the ability to serve small  
12 business credit needs for financing plant and equip-  
13 ment through the Development Company Program  
14 authorized by sections 502, 503, and 504.

15 “(c) EXPEDITED PROCESSING OF LOAN APPLICA-  
16 TIONS.—The Administration shall develop an expedited  
17 procedure for processing a loan application or servicing  
18 action submitted by a qualified State or local development  
19 company that has been designated as an accredited lender  
20 in accordance with subsection (b).

21 “(d) SUSPENSION OR REVOCATION OF DESIGNA-  
22 TION.—

23 “(1) IN GENERAL.—The designation of a quali-  
24 fied State or local development company as an ac-

1       credited lender may be suspended or revoked if the  
2       Administration determines that—

3               “(A) the development company has not  
4               continued to meet the criteria for eligibility  
5               under subsection (b); or

6               “(B) the development company has failed  
7               to adhere to the Administration’s rules and reg-  
8               ulations or is violating any other applicable pro-  
9               vision of law.

10              “(2) EFFECT.—A suspension or revocation  
11              under paragraph (1) shall not affect any outstanding  
12              debenture guarantee.

13              “(e) DEFINITION.—For purposes of this section, the  
14              term ‘qualified State or local development company’ has  
15              the same meaning as in section 503(e).”.

16              (b) REGULATIONS.—Not later than 120 days after  
17              the date of enactment of this Act, the Administration shall  
18              promulgate final regulations to carry out this section.

19              (c) REPORT.—Not later than 1 year after the effec-  
20              tive date of regulations promulgated under subsection (b),  
21              the Administration shall report to the Committees on  
22              Small Business of the Senate and the House of Represent-  
23              atives on the implementation of this section. Such report  
24              shall include data on the number of development compa-  
25              nies designated as accredited lenders, their debenture

1 guarantee volume, their loss rates, the average processing  
 2 time on their guarantee applications, and such other infor-  
 3 mation as the Administration deems appropriate.

4 **SEC. 214. INTEREST RATE ON CERTIFIED DEVELOPMENT**  
 5 **COMPANY LOANS.**

6 Section 112(c) of the Small Business Administration  
 7 Reauthorization and Amendment Act of 1988 (102 Stat.  
 8 2996) is amended—

9 (1) in paragraph (1), by striking “(1) IN GEN-  
 10 ERAL.—Section 503” and inserting “Section 503”;  
 11 and

12 (2) by striking paragraph (2).

13 **SEC. 215. CERTIFICATIONS OF ELIGIBILITY FOR SBIC AND**  
 14 **SSBIC FINANCING.**

15 Section 308 of the Small Business Investment Act  
 16 of 1958 (15 U.S.C. 687) is amended by adding at the end  
 17 the following new subsection:

18 “(h) CERTIFICATIONS OF ELIGIBILITY.—

19 “(1) CERTIFICATION BY SMALL BUSINESS CON-  
 20 CERN.—Prior to receiving financial assistance from  
 21 a company licensed pursuant to subsection (c) or (d)  
 22 of section 301, a small business concern shall certify  
 23 in writing that it meets the eligibility requirements  
 24 of the Small Business Investment Company Pro-

1       gram or the Specialized Small Business Investment  
2       Company Program, as applicable.

3           “(2) CERTIFICATION BY COMPANY.—Prior to  
4       providing financial assistance to a small business  
5       concern under this Act, a company licensed pursuant  
6       to subsection (c) or (d) of section 301 shall certify  
7       in writing that it has reviewed the application for as-  
8       sistance of the small business concern and that all  
9       documentation and other information supports the  
10      eligibility of the applicant.

11          “(3) RETENTION OF CERTIFICATIONS.—Certifi-  
12      cates made pursuant to paragraphs (1) and (2) shall  
13      be retained by the company licensed pursuant to  
14      subsection (c) or (d) of section 301 for the duration  
15      of the financial assistance.”.

16   **SEC. 216. PARTICIPATING SECURITIES FOR SMALLER**  
17           **SBICS.**

18      Section 303(g) of the Small Business Investment Act  
19      of 1958 (15 U.S.C. 683(g)) is amended by adding at the  
20      end the following new paragraph:

21           “(13) PARTICIPATING SECURITIES FOR SMALL-  
22      ER SMALL BUSINESS INVESTMENT COMPANIES.—

23           “(A) IN GENERAL.—Subject to the provi-  
24      sions of subparagraph (B), of the amount of  
25      the annual program level of participating secu-



1           rities approved in appropriations Acts, 50 per-  
 2           cent shall be reserved for funding small busi-  
 3           ness investment companies with private capital  
 4           of less than \$20,000,000.

5           “(B) EXCEPTION.—During the last quar-  
 6           ter of each fiscal year, if the Administrator de-  
 7           termines that there is a lack of qualified appli-  
 8           cants with private capital of less than  
 9           \$20,000,000, the Administrator may utilize all  
 10          or any part of the program level for securities  
 11          reserved under subparagraph (A) for qualified  
 12          applicants with private capital of \$20,000,000  
 13          or more.”.

## 14   **TITLE III—SIZE STANDARDS AND** 15       **BOND GUARANTEES**

### 16   **SEC. 301. SIZE STANDARD CRITERIA.**

17          Section 3(a)(2) of the Small Business Act (15 U.S.C.  
 18   632(a)(2)) is amended to read as follows:

19           “(2) SIZE STANDARD CRITERIA.—

20           “(A) IN GENERAL.—In addition to the cri-  
 21          teria specified in paragraph (1), the Adminis-  
 22          trator may specify detailed definitions or stand-  
 23          ards by which a business concern may be deter-  
 24          mined to be a small business concern for the  
 25          purposes of this Act or any other Act.

1           “(B) ADDITIONAL CRITERIA.—The stand-  
2           ards described in paragraph (1) may utilize  
3           number of employees, dollar volume of business,  
4           net worth, net income, or a combination there-  
5           of.

6           “(C) REQUIREMENTS.—Unless specifically  
7           authorized by statute, no Federal department  
8           or agency may prescribe a size standard for cat-  
9           egorizing a business concern as a small business  
10          concern, unless such proposed size standard—

11               “(i) is proposed after an opportunity  
12               for public notice and comment;

13               “(ii) provides for determining—

14                       “(I) the size of a manufacturing  
15                       concern as measured by the manufac-  
16                       turing concern’s average employment  
17                       based upon employment during each  
18                       of the manufacturing concern’s pay  
19                       periods for the preceding 12 months;

20                       “(II) the size of a business con-  
21                       cern providing services on the basis of  
22                       the annual average gross receipts of  
23                       the business concern over a period of  
24                       not less than 3 years; and

1 “(III) the size of other business  
2 concerns on the basis of data over a  
3 period of not less than 3 years; and  
4 “(iii) is approved by the Adminis-  
5 trator.”.

6 **SEC. 302. SUNSET ON PREFERRED SURETY BOND GUARAN-**  
7 **TEE PROGRAM.**

8 Section 207 of the Small Business Administration  
9 Reauthorization and Amendment Act of 1988 (15 U.S.C.  
10 694b note) is amended by striking “September 30, 1994”  
11 and inserting “September 30, 1995”.

12 **SEC. 303. MANUFACTURING CONTRACTS THROUGH MANU-**  
13 **FACTURING APPLICATION AND EDUCATION**  
14 **CENTERS.**

15 (a) IN GENERAL.—The Small Business Administra-  
16 tion shall promote the award of Federal manufacturing  
17 contracts to small business concerns that participate in  
18 manufacturing application and education centers by work-  
19 ing with the Department of Commerce and other agencies  
20 to identify components and subsystems that are both criti-  
21 cal and currently foreign-sourced.

22 (b) QUALIFICATIONS.—In order to qualify as a man-  
23 ufacturing application and education center under this  
24 section, an entity shall have the capacity to assist small

1 business concerns in a shared-use production environment  
 2 and to offer the following services:

- 3 (1) Technology demonstration.
- 4 (2) Technology education.
- 5 (3) Technology application support.
- 6 (4) Technology advancement support.

7 (c) INAPPLICABILITY OF CERTAIN REQUIRE-  
 8 MENTS.—The requirements of section 15(o)(1)(B) of the  
 9 Small Business Act shall not apply with respect to any  
 10 manufacturing contract carried out by a small business  
 11 concern in conjunction with a manufacturing application  
 12 and education center under this section.

13 (d) REGULATIONS.—Not later than 180 days after  
 14 the date of enactment of this Act, the Administrator of  
 15 the Small Business Administration shall promulgate final  
 16 regulations to carry out this section.

17 (e) TERMINATION OF AUTHORITY.—The authority of  
 18 the Small Business Administration under this section shall  
 19 terminate on September 30, 1997.

20 **TITLE IV—BUSINESS**  
 21 **DEVELOPMENT ASSISTANCE**  
 22 **Subtitle A—General Provisions**

23 **SEC. 401. SUNSET ON COSPONSORED TRAINING.**

24 (a) IN GENERAL.—

1           (1) REPEAL.—The amendments made by sec-  
 2           tion 5(a) of Small Business Computer Security and  
 3           Education Act of 1984 (15 U.S.C. 633 note) are  
 4           hereby repealed.

5           (2) EFFECTIVE DATE.—Paragraph (1) shall  
 6           take effect on September 30, 1997.

7           (b) CONFORMING AMENDMENT.—Section 7(b) of the  
 8           Small Business Computer Security and Education Act of  
 9           1984 (15 U.S.C. 633 note) is amended in the second sen-  
 10          tence by striking “and the amendments made to section  
 11          8(b)(1)(A) of the Small Business Act by section 5(a)(2)  
 12          of this Act are” and inserting “is”.

13       **SEC. 402. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
 14                               **GRAM LEVEL.**

15          Section 21(a)(4) of the Small Business Act (15  
 16          U.S.C. 648(a)(4)) is amended to read as follows:

17          “(4) SMALL BUSINESS DEVELOPMENT CENTER PRO-  
 18          GRAM LEVEL.—

19               “(A) IN GENERAL.—The Administration shall  
 20          require as a condition of any grant (or amendment  
 21          or modification thereof) made to an applicant under  
 22          this section, that a matching amount (excluding any  
 23          fees collected from recipients of such assistance)  
 24          equal to the amount of such grant be provided from  
 25          sources other than the Federal Government, to be

1       comprised of not less than 50 percent cash and not  
2       more than 50 percent of indirect costs and in-kind  
3       contributions.

4           “(B) RESTRICTION.—The matching amount de-  
5       scribed in subparagraph (A) shall not include any  
6       indirect costs or in-kind contributions derived from  
7       any Federal program.

8           “(C) NATIONAL PROGRAM.—

9           “(i) IN GENERAL.—No recipient of funds  
10       under this section shall receive a grant that ex-  
11       ceeds—

12           “(I) for fiscal year 1995, the greater  
13       of—

14           “(aa) the sum of such recipient’s  
15       pro rata share of a national program  
16       based upon the population to be  
17       served by the small business develop-  
18       ment center as compared to the total  
19       population in the United States, and  
20       \$100,000; or

21           “(bb) \$200,000; and

22           “(II) except as provided in clause (ii),  
23       in each succeeding fiscal year, the greater  
24       of—

1                   “(aa) the sum of such recipient’s  
2                   pro rata share of a national program  
3                   based upon the population to be  
4                   served by the small business develop-  
5                   ment center as compared to the total  
6                   population in the United States, and  
7                   \$200,000; or

8                   “(bb) \$300,000.

9                   “(ii) EXCEPTION.—The provisions of  
10                  clause (i)(I) shall apply in any fiscal year after  
11                  fiscal year 1995 in which, based on funds ap-  
12                  propriated, a small business development center  
13                  would, under the provisions of clause (i)(II), re-  
14                  ceive less than the small business development  
15                  center received in fiscal year 1995.

16                  “(iii) AMOUNT.—The amount of the na-  
17                  tional program shall be—

18                         “(I) \$70,000,000 through September  
19                         30, 1995;

20                         “(II) \$77,500,000 from October 1,  
21                         1995 through September 30, 1996; and

22                         “(III) \$85,000,000 beginning October  
23                         1, 1996.

24                  The amount for which a small business develop-  
25                  ment center is eligible under this paragraph

1           shall be based upon the amount of the national  
2           program in effect as of the date for commence-  
3           ment of performance of the small business de-  
4           velopment center's grant.''.

5   **SEC. 403. FEDERAL CONTRACTS WITH SMALL BUSINESS DE-**  
6                   **VELOPMENT CENTERS.**

7           Section 21(a)(5) of the Small Business Act (15  
8   U.S.C. 648(a)(5)) is amended to read as follows:

9           “(5) FEDERAL CONTRACTS WITH SMALL BUSINESS  
10   DEVELOPMENT CENTERS.—

11           “(A) IN GENERAL.—A small business develop-  
12           ment center may enter into a contract with a Fed-  
13           eral department or agency to provide specific assist-  
14           ance to small business concerns, if the contract is  
15           approved in advance by the Associate Administrator  
16           of the small business development center program.

17           “(B) APPROVAL CRITERIA.—Each approval of a  
18           contract under subparagraph (A) shall be based  
19           upon a determination that the contract will provide  
20           assistance to small business concerns and that per-  
21           formance of the contract will not hinder the small  
22           business development center in carrying out the  
23           terms of the grant received by the small business de-  
24           velopment center from the Administration.



1           “(C) EXEMPTION FROM MATCHING REQUIRE-  
 2           MENT.—A contract under this paragraph shall not  
 3           be subject to the matching funds or eligibility re-  
 4           quirements of paragraph (4).

5           “(D) ADDITIONAL PROVISION.—Notwithstand-  
 6           ing any other provision of law, a contract for assist-  
 7           ance under this paragraph may not be applied to  
 8           any Federal department or agency’s small business,  
 9           woman-owned business, or socially and economically  
 10          disadvantaged business contracting goal under sec-  
 11          tion 15(g).”.

12 **SEC. 404. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
 13 **GRAM EXAMINATION AND CERTIFICATION.**

14          Section 21(k) of the Small Business Act (15 U.S.C.  
 15          648(k)) is amended to read as follows:

16          “(k) PROGRAM EXAMINATION AND CERTIFI-  
 17          CATION.—

18               “(1) EXAMINATION.—Not later than 180 days  
 19               after the date of enactment of this subsection, the  
 20               Administration shall develop and implement a bian-  
 21               nual programmatic and financial examination of  
 22               each small business development center established  
 23               pursuant to this section.

24               “(2) CERTIFICATION.—The Administration may  
 25               provide financial support, by contract or otherwise,

1 to the association authorized by subsection (a)(3)(A)  
2 for the purpose of developing a small business devel-  
3 opment center certification program.

4 “(3) EXTENSION OR RENEWAL OF COOPERA-  
5 TIVE AGREEMENTS.—In extending or renewing a co-  
6 operative agreement of a small business development  
7 center, the Administration shall consider the results  
8 of the examination and certification program con-  
9 ducted pursuant to paragraphs (1) and (2).”.

10 **SEC. 405. SERVICE CORPS OF RETIRED EXECUTIVES**  
11 **(SCORE) PROGRAM.**

12 Section 8(b)(1) of the Small Business Act (15 U.S.C.  
13 637(b)(1)) is amended by adding at the end the following  
14 new subparagraph:

15 “(H) In carrying out subparagraph (B), the  
16 Administration shall encourage the Service Corps of  
17 Retired Executives (SCORE) established pursuant  
18 to such subparagraph, to the maximum extent prac-  
19 ticable, to consult and work in conjunction with the  
20 Corporation for National and Community Service  
21 and the Points of Light Foundation established  
22 under the National and Community Service Act of  
23 1990.”.

1 **SEC. 406. INFORMATION CONCERNING FRANCHISING.**

2 Section 8(b)(1)(A) of the Small Business Act (15  
3 U.S.C. 637(b)(1)(A)) is amended by inserting “including  
4 information on the benefits and risks of franchising,” after  
5 “small-business enterprises,”.

6 **Subtitle B—Development of**  
7 **Woman-Owned Businesses**

8 **SEC. 411. EXTENSION OF AUTHORITY FOR DEMONSTRATION PROJECTS.**

10 The Small Business Act (15 U.S.C. 631 et seq.) is  
11 amended—

12 (1) by redesignating section 28 (as added by  
13 section 2 of the Women’s Business Development Act  
14 of 1991) as section 29; and

15 (2) in section 29(g), as redesignated, by striking  
16 “1995” and inserting “1997”.

17 **SEC. 412. ESTABLISHMENT OF OFFICE OF WOMEN’S BUSINESS OWNERSHIP.**

19 Section 29 of the Small Business Act (15 U.S.C.  
20 656), as redesignated by section 411, is amended by adding  
21 at the end the following new subsection:

22 “(h) OFFICE OF WOMEN’S BUSINESS OWNERSHIP.—  
23 There is hereby established within the Administration an  
24 Office of Women’s Business Ownership, which shall be responsible  
25 for the administration of the Administration’s  
26 programs for the development of women’s business enter-

1 prises, as such term is defined in section 408 of the Wom-  
 2 en’s Business Ownership Act of 1988. The Office of Wom-  
 3 en’s Business Ownership shall be administered by an As-  
 4 sistant Administrator, who shall be appointed by the Ad-  
 5 ministrator.”.

6 **SEC. 413. NATIONAL COMMISSION ON WOMEN IN BUSINESS.**

7 (a) ESTABLISHMENT.—Section 401 of the Women’s  
 8 Business Ownership Act of 1988 (15 U.S.C. 631 note) is  
 9 amended to read as follows:

10 **“SEC. 401. ESTABLISHMENT.**

11 “There is hereby established a Commission to be  
 12 known as the ‘National Commission on Women in Busi-  
 13 ness’ (hereafter in this title referred to as the ‘Commis-  
 14 sion’).”.

15 (b) DUTIES OF THE COMMISSION.—Section 402 of  
 16 the Women’s Business Ownership Act of 1988 (15 U.S.C.  
 17 631 note) is amended to read as follows:

18 **“SEC. 402. DUTIES OF THE COMMISSION.**

19 “The Commission shall—

20 “(1) review, promote, coordinate, and monitor  
 21 plans and programs, developed in the public and pri-  
 22 vate sectors, which affect the ability of woman-  
 23 owned businesses to obtain capital and credit;

24 “(2) promote and assist in the development of  
 25 the Intermediate Census on Women’s Business Own-

1       ership and other surveys of woman-owned busi-  
2       nesses;

3           “(3) provide assistance to and outreach for the  
4       involvement of women business owners in White  
5       House Conference on Small Business;

6           “(4) study and assess—

7               “(A) the obstacles faced by women seeking  
8       to establish businesses and women seeking sen-  
9       ior management positions in large and small  
10      businesses and in the professions; and

11           “(B) the contributions to the Nation’s  
12      economy by businesses owned or managed by  
13      women; and

14           “(5) design a comprehensive plan for a joint  
15      public-private sector effort to facilitate the develop-  
16      ment and growth of woman-owned businesses.

17      “(b) REPORT.—Not later than January 31, 1996, the  
18      Commission shall submit a report to the President and  
19      the Committees on Small Business of the Senate and the  
20      House of Representatives describing the plan developed  
21      pursuant to subsection (a)(5).”.

22      (c) MEMBERSHIP.—Section 403 of the Women’s  
23      Business Ownership Act of 1988 (15 U.S.C. 631 note) is  
24      amended to read as follows:

1 **“SEC. 403. MEMBERSHIP OF THE COMMISSION.**

2 “(a) IN GENERAL.—The Commission shall be com-  
3 posed of 14 members, of whom—

4 “(1) 7 members shall be the individuals de-  
5 scribed in subsection (b); and

6 “(2) 7 members shall be appointed in accord-  
7 ance with subsection (c).

8 “(b) PUBLIC SECTOR MEMBERS.—For purposes of  
9 subsection (a)(1), the individuals described in this section  
10 are—

11 “(1) the Administrator of the Small Business  
12 Administration;

13 “(2) the Assistant Administrator of the Office  
14 of Women’s Business Ownership of the Small Busi-  
15 ness Administration;

16 “(3) the Secretary of the Treasury, or the Sec-  
17 retary’s designee;

18 “(4) the Secretary of Labor, or the Secretary’s  
19 designee;

20 “(5) the Secretary of Commerce, or the Sec-  
21 retary’s designee;

22 “(6) the Administrator of the General Services  
23 Administration, or the Administrator’s designee; and

24 “(7) 1 member of the Board of Governors of  
25 the Federal Reserve System, or the designee of a  
26 member.

1       “(c) PRIVATE SECTOR MEMBERS.—

2               “(1) CHAIRPERSON.—Not later than 45 days  
3 after the date of enactment of the Small Business  
4 Administration Reauthorization and Amendment Act  
5 of 1994, the President shall appoint an individual to  
6 serve as the chairperson of the Commission (here-  
7 after in this title referred to as the ‘Chairperson’)  
8 who shall be a prominent business-woman who is  
9 qualified to head the Commission by virtue of her  
10 education, training, and experience.

11              “(2) OTHER MEMBERS.—Not later than 60  
12 days after the date of enactment of the Small Busi-  
13 ness Administration Reauthorization and Amend-  
14 ment Act of 1994, the Administrator of the Small  
15 Business Administration shall appoint 6 members of  
16 the Commission, of whom—

17                   “(A) 1 shall be an owner of a small busi-  
18 ness concern, as such term is defined in section  
19 3 of the Small Business Act, who is a member  
20 of the same political party as the President;

21                   “(B) 1 shall be an owner of a small busi-  
22 ness concern, as such term is defined in section  
23 3 of the Small Business Act, who is not a mem-  
24 ber of the same political party as the President;  
25 and

1                   “(C) 4 shall be representatives of national  
2                   women’s business organizations.

3                   “(d) ADMINISTRATIVE PROVISIONS.—

4                   “(1) RESTRICTION.—The members of the Com-  
5                   mission appointed pursuant to subsection (c) shall  
6                   not be officers or employees of the Federal Govern-  
7                   ment.

8                   “(2) VICE CHAIRPERSON.—The member of the  
9                   Commission appointed pursuant to subsection (b)(2)  
10                  shall serve as vice chairperson of the Commission.

11                  “(3) TERMS.—The term of service of the mem-  
12                  bers of the Commission appointed pursuant to sub-  
13                  section (c) shall be 1 year. No member of the Com-  
14                  mission may serve for more than 2 consecutive  
15                  terms.

16                  “(4) DESIGNEES.—Each designee appointed  
17                  pursuant to subsection (b) shall—

18                         “(A) be a policy-making official whose du-  
19                         ties are consistent with the duties of the Com-  
20                         mission; and

21                         “(B) report directly to the head of the  
22                         agency on the activities of the Commission.

23                  “(5) COMPENSATION AND TRAVEL EX-  
24                  PENSES.—



1           “(A) PUBLIC SECTOR MEMBERS.—The  
2           members of the Commission described in sub-  
3           section (b) shall serve on the Commission with-  
4           out additional compensation.

5           “(B) PRIVATE SECTOR MEMBERS.—The  
6           members of the Commission appointed pursu-  
7           ant to subsection (c) shall serve without pay for  
8           membership, except that such members shall be  
9           entitled to reimbursement for domestic travel,  
10          subsistence, and other necessary expenses in-  
11          curred by them in carrying out the functions of  
12          the Commission in the same manner as persons  
13          serving on advisory boards pursuant to section  
14          8(b) of the Small Business Act.

15          “(6) VACANCIES.—A vacancy on the Commis-  
16          sion shall, not later than 30 days after the date on  
17          which the vacancy occurs, be filled in the same man-  
18          ner in which the original appointment was made.

19          “(7) MEETINGS.—The Commission shall meet  
20          at the call of the Chairperson not less than 4 times  
21          each year.

22          “(8) QUORUMS.—

23                 “(A) RECEIPT OF TESTIMONY.—Four  
24                 members of the Commission shall constitute a

1 quorum for the receipt of testimony and other  
2 evidence.

3 “(B) APPROVAL OF RECOMMENDATIONS.—  
4 A majority of the members of the Commission  
5 shall constitute a quorum for the approval of  
6 recommendations or reports issued pursuant to  
7 sections 402 and 406.”.

8 (d) EXECUTIVE DIRECTOR AND STAFF.—Section 404  
9 of the Women’s Business Ownership Act of 1988 (15  
10 U.S.C. 631 note) is amended to read as follows:

11 **“SEC. 404. EXECUTIVE DIRECTOR AND STAFF.**

12 “(a) EXECUTIVE DIRECTOR.—The Commission shall  
13 have an Executive Director who shall be appointed by the  
14 Chairperson and the Assistant Administrator of the Small  
15 Business Administration Office of Women’s Business  
16 Ownership. Upon the recommendation by the Executive  
17 Director, the Chairperson may appoint and fix the pay of  
18 4 additional employees at a rate of pay not to exceed the  
19 maximum rate of pay payable for a position at GS–15 of  
20 the General Schedule.

21 “(b) ADMINISTRATIVE PROVISIONS.—The Executive  
22 Director and staff of the Commission may be appointed  
23 without regard to the provisions of title 5, United States  
24 Code, governing appointments in the competitive service,  
25 and except as provided in subsection (a), may be paid

1 without regard to the provisions of chapter 51 and sub-  
 2 chapter III of chapter 53 of such title relating to classi-  
 3 fication and General Schedule pay rates, except that the  
 4 Executive Director so appointed may not receive pay in  
 5 excess of the annual rate of basic pay payable for a posi-  
 6 tion at ES-1 of the Senior Executive Pay Schedule under  
 7 section 5832 of title 5, United States Code.

8 “(c) DETAIL OF ADDITIONAL PERSONNEL.—Upon  
 9 request to the Chairperson, the head of any Federal de-  
 10 partment or agency may detail any of the personnel of  
 11 such agency to the Commission to assist the Commission  
 12 in carrying out its duties under this title without regard  
 13 to section 3341 of title 5, United States Code.”.

14 (e) POWERS OF THE COMMISSION.—Section 405 of  
 15 the Women’s Business Ownership Act of 1988 (15 U.S.C.  
 16 631 note) is amended—

17 (1) by striking “Council” each place it appears  
 18 and inserting “Commission”; and

19 (2) by adding at the end the following new sub-  
 20 section:

21 “(f) COOPERATION WITH PRIVATE ENTITIES.—

22 “(1) IN GENERAL.—Subject to the require-  
 23 ments of paragraph (2), the Commission may carry  
 24 out its duties under section 402 through cooperation  
 25 with private nonprofit and for-profit entities.

1           “(2) RESTRICTION.—If the Commission cooper-  
2           ates with private entities pursuant to paragraph (1),  
3           the Commission shall ensure that—

4                   “(A) the Commission receives appropriate  
5                   recognition and publicity;

6                   “(B) the cooperation does not constitute or  
7                   imply an endorsement by the Commission of the  
8                   products and services of the cosponsor; and

9                   “(C) the Commission avoids unnecessary  
10                  promotion of the products and services of the  
11                  cosponsor and minimizes utilization of any 1 co-  
12                  sponsor in a marketing area.”.

13          (f) REPORTS.—Section 406 of the Women’s Business  
14          Ownership Act of 1988 (15 U.S.C. 631 note) is amend-  
15          ed—

16                  (1) by striking “Council” each place it appears  
17                  and inserting “Commission”;

18                  (2) by striking “December 31, 1989” and in-  
19                  serting “not later than 1 year after the date of en-  
20                  actment of the Small Business Administration Reau-  
21                  thorization and Amendment Act of 1994”; and

22                  (3) by striking “based upon its reviews con-  
23                  ducted under section 402”.

1 (g) AUTHORIZATION.—Section 407 of the Women’s  
2 Business Ownership Act of 1988 (15 U.S.C. 631 note) is  
3 amended—

4 (1) by striking subsection (a) and inserting the  
5 following:

6 “(a) IN GENERAL.—There are authorized to be ap-  
7 propriated to carry out this title—

8 “(1) \$500,000 in fiscal year 1995;

9 “(2) \$500,000 in fiscal year 1996; and

10 “(3) \$100,000 in fiscal year 1997.”; and

11 (2) by striking subsection (c).

12 (h) TRANSITION REIMBURSEMENT.—In order to fa-  
13 cilitate the transition from the National Women’s Busi-  
14 ness Council, established by title IV of the Women’s Busi-  
15 ness Ownership Act of 1988, to the National Commission  
16 on Women in Business established by this section, the Na-  
17 tional Commission on Women in Business may, during the  
18 30-day period beginning on the date on which the Chair-  
19 person of the National Commission on Women in Business  
20 is appointed pursuant to section 413 of this Act, reim-  
21 burse the costs and salaries, where appropriate, of the  
22 Chairperson, Executive Director, and staff of the National  
23 Women’s Business Council for transition activities .

24 (i) SUNSET.—The authority of the National Commis-  
25 sion on Women in Business established under title IV of

1 the Women’s Business Ownership Act of 1988, as amend-  
 2 ed by this section, shall terminate on November 30, 1996.

3 **TITLE V—RELIEF FROM DEBEN-**  
 4 **TURE PREPAYMENT PEN-**  
 5 **ALTIES**

6 **SEC. 501. SHORT TITLE.**

7 This title may be cited as the “Small Business Pre-  
 8 payment Penalty Relief Act of 1994”.

9 **SEC. 502. PREPAYMENT OF DEVELOPMENT COMPANY DE-**  
 10 **BENTURES.**

11 (a) IN GENERAL.—Title V of the Small Business In-  
 12 vestment Act of 1958 (15 U.S.C. 695 et seq.) is amended  
 13 by adding at the end the following new section:

14 **“SEC. 508. PREPAYMENT OF DEVELOPMENT COMPANY DE-**  
 15 **BENTURES.**

16 “(a) IN GENERAL.—

17 “(1) PREPAYMENT AUTHORIZED.—Subject to  
 18 the requirements set forth in subsection (b), an is-  
 19 suer of a debenture purchased by the Federal Fi-  
 20 nancing Bank and guaranteed by the Administration  
 21 under section 503 may, at the election of the bor-  
 22 rower whose loan secures such debenture and with  
 23 the approval of the Administration, prepay such de-  
 24 benture in accordance with the provisions of this sec-  
 25 tion.

1 “(2) PROCEDURE.—

2 “(A) IN GENERAL.—In making a prepay-  
3 ment under paragraph (1)—

4 “(i) the borrower shall pay to the  
5 Federal Financing Bank an amount that is  
6 equal to the sum of the unpaid principal  
7 balance due on the debenture as of the  
8 date of the prepayment (plus accrued in-  
9 terest at the coupon rate on the debenture)  
10 and the amount of the repurchase pre-  
11 mium described in subparagraph (B); and

12 “(ii) the Administration shall pay to  
13 the Federal Financing Bank the difference  
14 between the repurchase premium paid by  
15 the borrower under this subsection and the  
16 repurchase premium that the Federal Fi-  
17 nancing Bank would otherwise have re-  
18 ceived.

19 “(B) REPURCHASE PREMIUM.—

20 “(i) IN GENERAL.—For purposes of  
21 subparagraph (A)(i), the repurchase pre-  
22 mium is the amount equal to the product  
23 of—

1 “(I) the unpaid principal balance  
2 due on the debenture on the date of  
3 prepayment; and

4 “(II) the applicable percentage  
5 rate, as determined in accordance  
6 clause (ii).

7 “(ii) APPLICABLE PERCENTAGE  
8 RATE.—For purposes of clause (i)(II), the  
9 applicable percentage rate means—

10 “(I) with respect to a 10-year  
11 term loan, 9.5 percent;

12 “(II) with respect to a 15-year  
13 term loan, 9.5 percent;

14 “(III) with respect to a 20-year  
15 term loan, 10.5 percent; and

16 “(IV) with respect to a 25-year  
17 term loan, 11.5 percent.

18 “(b) REQUIREMENTS.—For purposes of subsection  
19 (a), the requirements of this subsection are that—

20 “(1) the debenture is outstanding and neither  
21 the loan that secures the debenture nor the debenture  
22 is in default on the date on which the prepay-  
23 ment is made;

24 “(2) State, local, or personal funds, or the pro-  
25 ceeds of a refinancing in accordance with subsection



1 (d) of this section under the programs authorized by  
2 sections 504 and 505, are used to prepay the debenture;  
3 and

4 “(3) the issuer certifies that the benefits, net of  
5 fees and expenses authorized herein, associated with  
6 prepayment of the debenture are entirely passed  
7 through to the borrower.

8 “(c) NO PREPAYMENT FEES OR PENALTIES.—No  
9 fees or penalties other than those specified in this section  
10 may be imposed on the issuer, the borrower, the Administration,  
11 or any fund or account administered by the Administration as the  
12 result of a prepayment under this section.  
13

14 “(d) REFINANCING LIMITATIONS.—

15 “(1) IN GENERAL.—The refinancing of a debenture  
16 under sections 504 and 505, in accordance with  
17 subsection (b)(2) of this section—

18 “(A) shall not exceed the amount necessary to prepay existing  
19 debentures, including all costs associated with the refinancing and  
20 any applicable prepayment penalty or repurchase premium; and  
21

22 “(B) shall be subject to the provisions of  
23 sections 504 and 505 and the rules and regulations promulgated  
24 thereunder, including rules  
25

1           and regulations governing payment of author-  
2           ized expenses, commissions, fees, and discounts  
3           to brokers and dealers in trust certificates is-  
4           sued pursuant to section 505.

5           “(2) JOB CREATION.—An applicant for refi-  
6           nancing under section 504 of a loan made pursuant  
7           to section 503 shall not be required to demonstrate  
8           that a requisite number of jobs will be created with  
9           the proceeds of a refinancing.

10          “(3) LOAN PROCESSING FEE.—To cover the  
11          cost of loan packaging, processing, and other admin-  
12          istrative functions, a development company that pro-  
13          vides refinancing under subsection (b)(2) may im-  
14          pose a loan processing fee, not to exceed 0.5 percent  
15          of the principal amount of the loan.

16          “(e) DEFINITIONS.—For purposes of this section—

17               “(1) the term ‘issuer’ means the qualified State  
18               or local development company that issued a deben-  
19               ture pursuant to section 503, which has been pur-  
20               chased by the Federal Financing Bank; and

21               “(2) the term ‘borrower’ means a small busi-  
22               ness concern whose loan secures a debenture issued  
23               pursuant to section 503.”.

24          (b) REGULATIONS.—Not later than 30 days after the  
25          date of enactment of this Act, the Administration shall

1 promulgate such regulations as may be necessary to carry  
 2 out this section, including regulations establishing a dead-  
 3 line for receipt of applications for prepayment and refi-  
 4 nancing under title V of the Small Business Investment  
 5 Act of 1958.

6 (c) AUTHORIZATION.—There are authorized to be ap-  
 7 propriated such sums as may be necessary to carry out  
 8 this section.

## 9 **TITLE VI—MISCELLANEOUS** 10 **AMENDMENTS**

### 11 **SEC. 601. CONSOLIDATION OF FUNDING ACCOUNTS.**

12 (a) IN GENERAL.—Section 4(c) of the Small Busi-  
 13 ness Act (15 U.S.C. 633(c)) is amended by striking  
 14 “(c)(1) There” and all that follows through paragraph (4)  
 15 and inserting the following:

16 “(c) LOAN LIQUIDATION FUND.—

17 “(1) IN GENERAL.—

18 “(A) ESTABLISHMENT.—There is hereby  
 19 established in the United States Treasury a  
 20 fund to be known as the Loan Liquidation  
 21 Fund (hereafter in this subsection referred to  
 22 as the ‘Fund’).

23 “(B) AMOUNTS CONTAINED IN FUND.—All  
 24 amounts received by the Administration prior to  
 25 October 1, 1991, from the repayment of loans

1           and debentures, payments of interest, and other  
2           receipts arising out of transactions entered into  
3           by the Administration pursuant to section 5(e),  
4           5(g), 7(a), 7(b), 7(c)(2), 7(e), 7(h), 7(l), 7(m),  
5           or 8(a) of this Act, or title III, IV, or V of the  
6           Small Business Investment Act of 1958, shall  
7           be paid into the Fund. Balances existing in the  
8           revolving funds on or after the effective date of  
9           this paragraph shall be transferred to the Fund  
10          on such date.

11           “(C) OPERATING EXPENSES.—The Fund  
12          shall have available, without fiscal year limita-  
13          tion, such funds as may be necessary to finance  
14          the operational needs of the Fund.

15           “(2) ANNUAL STATUS REPORT.—As soon as  
16          practicable after the end of each fiscal year, the Ad-  
17          ministration shall submit to the Committees on  
18          Small Business and Appropriations of the Senate  
19          and the House of Representatives a complete report  
20          on the status of the Fund.”.

21          (b) INTEREST PAYMENTS TO TREASURY.—Section  
22          4(c) of the Small Business Act (15 U.S.C. 633(c)) is  
23          amended—

24                  (1) by redesignating paragraph (5) as para-  
25          graph (3); and

1           (2) in paragraph (3)(B), as redesignated, by  
2       striking clause (ii) and inserting the following:

3       “(ii) Upon the expiration of each fiscal year, the Ad-  
4       ministration shall pay into the miscellaneous receipts of  
5       the United States Treasury the actual interest the Admin-  
6       istration has collected during the preceding fiscal year on  
7       all financings made under the authority of this Act.”.

8       **SEC. 602. IMPOSITION OF FEES.**

9       Section 5(b) of the Small Business Act (15 U.S.C.  
10      634(b)) is amended—

11           (1) in paragraph (10), by striking “and” at the  
12      end;

13           (2) in paragraph (11), by striking the period at  
14      the end and inserting a semicolon; and

15           (3) by adding at the end the following new  
16      paragraphs:

17           “(12) impose, retain, and use only those fees  
18      which are specifically authorized by law or which are  
19      in effect on September 30, 1994, and in the  
20      amounts and at the rates in effect on such date, ex-  
21      cept that the Administrator may, subject to approval  
22      in appropriations Acts, impose, retain, and utilize,  
23      additional fees—

24           “(A) not to exceed \$300 for each loan  
25      servicing action requested after disbursement of

1 the loan, including any substitution of collat-  
2 eral, loan assumption, release or substitution of  
3 a guarantor, reamortization, or similar action;  
4 and

5 “(B) to recover the direct, incremental cost  
6 involved in the production and dissemination of  
7 compilations of information produced by the  
8 Administration under the authority of the Small  
9 Business Act and the Small Business Invest-  
10 ment Act of 1958; and

11 “(13) collect, retain and utilize, subject to ap-  
12 proval in appropriations Acts, any amounts collected  
13 by fiscal transfer agents and not used by such agent  
14 as payment of the cost of loan pooling or debenture  
15 servicing operations, except that amounts collected  
16 under this paragraph shall be utilized solely to facili-  
17 tate the administration of the program that gen-  
18 erated the excess amounts.”.

19 **SEC. 603. JOB CREATION AND COMMUNITY BENEFIT.**

20 Section 7(a)(21) of the Small Business Act (15  
21 U.S.C. 636(a)(21)) is amended by adding at the end the  
22 following new subparagraph:

23 “(E) JOB CREATION AND COMMUNITY  
24 BENEFIT.—In providing assistance under this  
25 paragraph, the Administration shall develop

1 procedures to ensure, to the maximum extent  
2 practicable, that such assistance is used for  
3 projects that—

4 “(i) have the greatest potential for—

5 “(I) creating new jobs for indi-  
6 viduals whose employment is involun-  
7 tarily terminated due to reductions in  
8 Federal defense expenditures; or

9 “(II) preventing the loss of jobs  
10 by employees of small business con-  
11 cerns described in subparagraph  
12 (A)(i); and

13 “(ii) have substantial potential for  
14 stimulating new economic activity in com-  
15 munities most affected by reductions in  
16 Federal defense expenditures.”.

17 **SEC. 604. MICROLOAN PROGRAM AMENDMENTS.**

18 Section 7(m)(9)(B) of the Small Business Act (15  
19 U.S.C. 636(m)(9)(B)) is amended—

20 (1) by inserting “and loan guarantees” after  
21 “for loans”; and

22 (2) by inserting after “experienced microlending  
23 organizations” the following: “and national and re-  
24 gional nonprofit organizations that have dem-

1       onstrated experience in providing training support  
2       for microenterprise development and financing.”.

3       **SEC. 605. TECHNICAL CLARIFICATION.**

4       (a) DEFENSE CONVERSION.—Section 7(a)(21)(A) of  
5       the Small Business Act (15 U.S.C. 636(a)(21)(A)) is  
6       amended by striking “under the” and inserting “on a  
7       guaranteed basis under the”.

8       (b) ADDITIONAL TECHNICAL CLARIFICATION.—Sec-  
9       tion 204 of Public Law 94–305 (15 U.S.C. 634d) is  
10      amended by striking “section 202” and inserting “this  
11      title”.

12      **SEC. 606. SECONDARY MARKET STUDY DUE DATE.**

13      Section 6 of the Small Business Credit Enhancement  
14      Act of 1993 (15 U.S.C. 634 note) is amended by striking  
15      “16 months after the date of enactment” and inserting  
16      “November 1, 1994”.

17      **SEC. 607. STUDY AND DATA BASE: GUARANTEED BUSINESS**

18                               **LOAN PROGRAM AND DEVELOPMENT COM-**

19                               **PANY PROGRAM.**

20      (a) STUDY AUTHORIZED.—The Administration shall  
21      conduct a study of—

22               (1) the Guaranteed Business Loan program  
23      under section 7(a) of the Small Business Act; and



1           (2) the Development Company program under  
2       sections 502, 503, and 504 of the Small Business  
3       Investment Act of 1958.

4       (b) EVALUATION.—After conducting the study under  
5       subsection (a), the Administration shall evaluate the per-  
6       formance of the programs described in paragraphs (1) and  
7       (2) of subsection (a) on an annual and aggregated basis  
8       during the most recent 4-year period for which data are  
9       available. Such evaluation shall focus on the following fac-  
10      tors:

11           (1) The number, dollar amount, and average  
12       size of the loans or financings under each program.

13           (2) The number, dollar amount, and average  
14       size of the loans or financings made to woman-  
15       owned and minority-owned businesses under each  
16       program.

17           (3) The geographic distribution of the loans or  
18       financings under each program.

19           (4) The jobs created or maintained attributable  
20       to the loans or financings under each program.

21           (5) The number, dollar amount, and average  
22       size of the loans or financings on which borrowers  
23       defaulted under each program.

1           (6) The amounts recovered by the Administra-  
2           tion after default, foreclosure, or otherwise under  
3           each program.

4           (7) The number of companies which are no  
5           longer in business despite receiving the loans or  
6           financings under each program.

7           (8) The taxes paid by businesses which received  
8           the loans or financings under each program.

9           (9) Such other information as the Administra-  
10          tion determines to be appropriate for a complete  
11          evaluation of each program.

12          (c) CONTRACTING WITH INDEPENDENT ENTITIES.—  
13          In carrying out subsections (a) and (b), the Administra-  
14          tion may contract with an independent entity or entities—

15                (1) to conduct the study pursuant to subsection  
16                (a); and

17                (2) to develop a database of information to en-  
18                able the Administration to maintain and access, on  
19                an ongoing basis, current information relating to the  
20                factors set forth in subsection (b).

21          (d) DATE.—The study authorized by subsection (a)  
22          shall be completed not later than September 30, 1995.

23          **SEC. 608. SBIR VENDORS.**

24          Section 9(q)(2) of the Small Business Act (15 U.S.C.  
25          638(q)(2)) is amended to read as follows:

1           “(2) VENDOR SELECTION.—Each agency may  
2       select a vendor to assist small business concerns to  
3       meet the goals listed in paragraph (1) for a term not  
4       to exceed 3 years. Such selection shall be competitive  
5       and shall utilize merit-based criteria.”.

**6 SEC. 609. PROGRAM EXTENSION.**

7 Section 602(e) of the Business Opportunity Develop-  
8 ment Reform Act of 1988 (15 U.S.C. 637 note) is amend-  
9 ed by striking “September 30, 1994”, and inserting “Sep-  
10 tember 30, 1995”.

11    **SEC. 610. PROHIBITION ON THE USE OF FUNDS FOR INDI-**  
12                    **VIDUALS NOT LAWFULLY WITHIN THE UNIT-**  
13                    **ED STATES.**

Section 2 of the Small Business Act (15 U.S.C. 631) is amended by adding at the end the following new subsection:

17       “(i) PROHIBITION ON THE USE OF FUNDS FOR INDIVIDUALS NOT LAWFULLY WITHIN THE UNITED STATES.—None of the funds made available pursuant to this Act may be used to provide any direct benefit or assistance to any individual in the United States if the Administrator or the official to which the funds are made available receives notification that the individual is not lawfully within the United States.”.

1 **SEC. 611. OFFICE OF ADVOCACY EMPLOYEES.**

2 Section 204 of Public Law 94–305 (15 U.S.C. 634d)  
3 is amended—

4 (1) in the matter preceding paragraph (1) by  
5 striking “after consultation with and subject to the  
6 approval of the Administrator,”; and

7 (2) in paragraph (1), by striking “ten” and in-  
8 serting “14”.

9 **SEC. 612. PROHIBITION ON THE PROVISION OF ASSIST-**  
10 **ANCE.**

11 Section 4 of the Small Business Act (15 U.S.C. 633)  
12 is amended by adding at the end the following new sub-  
13 section:

14 “(e) PROHIBITION ON THE PROVISION OF ASSIST-  
15 ANCE.—Notwithstanding any other provision of law, the  
16 Administration is prohibited from providing any financial  
17 or other assistance to any business concern or other per-  
18 son engaged in the production or distribution of any prod-  
19 uct or service that is determined to be obscene.”.

20 **SEC. 613. CERTIFICATION OF COMPLIANCE WITH CHILD**  
21 **SUPPORT OBLIGATIONS.**

22 Section 4 of the Small Business Act (15 U.S.C. 633),  
23 as amended by section 612, is amended by adding at the  
24 end the following new subsection:

25 “(f) CERTIFICATION OF COMPLIANCE WITH CHILD  
26 SUPPORT OBLIGATIONS.—

1           “(1) IN GENERAL.—Each applicant for finan-  
2           cial assistance under this Act, including an applicant  
3           for a direct loan or a loan guarantee, shall certify  
4           that the applicant is not in violation of the terms of  
5           any—

6                       “(A) administrative order;

7                       “(B) court order; or

8                       “(C) repayment agreement entered into be-  
9           tween the applicant and the custodial parent or  
10          State agency providing child support enforce-  
11          ment services,

12          that requires the applicant to pay child support, as  
13          such term is defined in section 462(b) of the Social  
14          Security Act.

15          “(2) ENFORCEMENT.—Not later than 6 months  
16          after the date of enactment of this subsection, the  
17          Administration shall issue such regulations as may  
18          be necessary to enforce compliance the requirements  
19          of this subsection.”.

Passed the Senate August 18, 1994.

Attest:

*Secretary.*

S 2060 ES——2

S 2060 ES——3

S 2060 ES——4

S 2060 ES——5